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FAX COVER SHEET

TO:

Jonathan Levin

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FROM:

J. Blum

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8/22

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COMMENTS

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AUG 22 1:44 PM '97

Irvine
Los Angeles
San FranciscoCleveland
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AOR 1997-15

August 22, 1997

TO: Jonathan Levin

FROM: Jennifer Blum 

RE: AOR 1997-15 -- Response to Additional Question on Payment for Expenditures

This afternoon you asked for clarification of our initial Advisory Opinion Request of March 24, 1997. Specifically, you referenced the following passage: "In the event that BGB provides any operating or administrative services or makes any expenditures for the PAC, the PAC will pay BGB at commercially reasonable or market rates." The question you have presented is whether the FEC should interpret this statement to include payments for independent expenditures or only payments for operating or administrative expenses.

Although not all future situations are foreseeable, the above passage was intended only to include the possibility that BGB might, on occasion, provide an operational or administrative service to the Americans for Better Government PAC for which the PAC will pay BGB. For example, it is possible that BGB might provide the PAC with printing/duplicating services for which the PAC will pay BGB the commercially reasonable rate. In addition, it is possible that BGB will purchase paper, ink, etc., from an outside, third party vendor for the aforementioned printing services. In that event, the PAC would pay BGB for those costs, either separately or in an amount included within the overall cost of the printing services.¹

An additional example of a service BGB might provide is secretarial assistance -- typing of FEC reports, contribution solicitation letters, filing, etc. Again, the PAC intends to pay BGB a commercially reasonable or market rate for such services.

Please let me know whether you have any additional questions.

99790.1D

¹ The PAC does not foresee a situation where BGB pays a third party vendor on the PAC's behalf for goods or services unrelated to the services provided by BGB.